

APPROVED 01-29-07  
NORTH HAMPTON BOARD OF SELECTMEN  
MINUTES OF JANUARY 26 MEETING

Chairwoman Creighton called the meeting to order at 10 AM. Also present were Selectmen Gould and Marsh and the following individuals in the audience:

Christopher Leslie, CEO of Macquarie Utilities, Inc.  
Larry Bingaman, Sr. VP, Aquarion Water Company  
Adam Torrey, Operations Manager, Aquarion Water Company

North Hampton Water Commissioners:  
Henry Fuller, Chairman  
Richard Bettcher  
Tim Harned  
Bob Landman

The Chair thanked all for attending. She then made opening comments stressing the need for a dialogue and for re-establishing a working relationship with Aquarion. She also stated the ultimate goal of the meeting was to establish a partnership in the management of our Water Resources by focusing on two sub-goals of financial concerns and accountability concerns. She stressed the need for all to be flexible to reach a consensus to resolve the Town's concerns. She also expressed a desire to end the meeting with the resolution of most of the goals and a commitment from Aquarion to have a consistent on-going working relationship with the Town Water Commissioners to resolve the remaining concerns and to proactively minimize those of the future.

Selectmen Gould and Marsh also spoke, thanking the MacQuarie and Aquarion personnel for attending, thanking the Water Commissioners for their hard work on behalf of the Town and stressing the need for constructive dialogue and putting aside the adversarial nature of the past relationship.

The Chair then invited Aquarion/Macquarie to give their presentation.

Mr. Bingaman spoke first, stating that Aquarion wanted a "partnership" relationship with the Town and a constructive dialogue. He stressed the need to work together in a constructive manner. He then explained that Charles Firlotte, Aquarion's President and CEO was unable to attend but that he very much wants to meet with the BOS in the future. Mr. Bingaman then introduced Mr. Leslie.

Mr. Leslie explained that Macquarrie Infrastructure Partners was known for its management of infrastructure funds which own four toll roads, two ports (Nova Scotia and Vancouver), several airports among them Rome, Italy; Bristol, UK; Sydney, Australia, an electric transmission grid in Alberta Canada and rural Michigan, and Water Utilities the Thames Water Company in London, a recent \$15 billion acquisition. He explained that the Fund which is acquiring Aquarion is a new one, currently capitalized

with \$2billion of pension fund money and expecting to grow to \$4billion in the next two months. The acquisition of Aquarion is not yet final as they await final approval from state agencies and Kelda is still the current owner.

Mr. Leslie emphasized that Macquarie's operating philosophy is to "look for good well run assets and nurture them." He characterized the approach as a "marriage of long term capital with long term assets, meaning that Macquarie brings capital and expertise to the table and looks for well run companies "to run for the long term."

At this point Bob Landman asked how the acquisition would help North Hampton "on the ground" and Mr. Leslie explained that Macquarie does not think of the acquisition in terms of New Hampshire but in the larger picture of Aquarion's overall operations.

Mr. Bingaman spoke next, providing a status report on the acquisition. The merger has been approved by the NH PUC (which required the establishment of a Customer Advisory Committee) and by Connecticut. No approval is required in Massachusetts, and the New York approval (pending) is the final step. He expects a closing during the first quarter of 2007.

Mr. Bingaman next passed out two handouts, the first (copy attached) showing Aquarion's Capital Improvements in Hampton, North Hampton and Rye in terms of dollars spent per town (2002-2006) and percentage of projected dollars to be spent per town during the period 2007-2011. It shows that North Hampton represents 16% of the customer base, received 19% of the dollars spent in 2002-2006 and is scheduled to receive 33% of future dollars spent (2007-2011).

The second handout was a spread sheet (copy also attached) showing specific projected capital projects (\$8,020,045) over the next 5 years. Mr. Bingaman explained that Aquarion's projected North Hampton capital improvements are:

Mill Road Water Main - 2007; \$1,030,000  
Atlantic Avenue Transmission Main; 2009-2011; \$830,000  
Well #10 Connection to Treatment Plant; 2007; \$190,000

He explained that the new mains will improve "fire flow" and comply with ISO (Insurance services Organization) standards.

Mr. Bingaman further explained that other improvements outside North Hampton will also benefit our Town: installation of GIS System, location of new water supply sources [\$1million over the next five years], new storage tank on Mill Road in Hampton [\$1.2million], and a SCAPA leak monitoring computer system.

Henry Fuller asked about the location of the new water sources and Adam Torey explained that they will be looking at areas near the existing well in Hampton, off Little River Road in Hampton and west of I 95 in Hampton in the Timber Swamp area.

Bob Landman then asked a question concerning hydrant costs. Mr. Bingaman explained that hydrant maintenance is only a small part of the hydrant charge (3%) and that the cost should be considered in the context of overall fire protection costs which includes other infrastructure costs. There followed a lengthy discussion with Tim Harned and Don Gould making the point that the incremental costs for new hydrants can not be the same as the per hydrant cost approved by the PUC, even if there are other infrastructure costs. Both Messrs. Bingaman and Leslie promised to consider this matter and report back to the Water Commissioners.

Mr. Bingaman then turned to the subject of Maintenance. He explained that Aquarion had accomplished a complete “unidirectional” flush program in 2006. It was the first since 2002 due to drought conditions which permitted only “spot” flushing in 2003-2005.

He next explained that during the period April through July 2006, all 148 hydrants were painted and numbered and all brush removed. There is now in place a written SOP for hydrant maintenance. He emphasized that, the lack of past records notwithstanding, the hydrants have always been properly serviced. He stated that his knowledge of this is based on his interview of a long time employee responsible for maintenance who assured him that all required maintenance has always been performed. All hydrant records are now computerized and service personnel are equipped with “tough book” lap tops into which maintenance activities are entered, thus assuring an adequate record of maintenance activities. Finally, he explained that Aquarion is planning to install bar codes on all hydrants which will then integrate with the SAP system which is to be installed during 2007.

Mr. Bingaman turned next to “Communications” and explained that North Hampton’s Tom McManus has joined the Customer Advisory Board and that regular “office hours” will be held so that citizens can attend and register complaints and obtain information. He also explained that the Fire Chiefs’ Counsel will continue to meet on a quarterly basis and asked whether arrangements could be made for periodic updates of the BOS and Water Commissioners. He was assured by the BOS and Commissioners that this was both possible and desirable.

At this point, the BOS explained that it was unable to authorize the use of the Mary Herbert Room for Aquarion’s “office hours” as we would be authorizing the use of public property for a private use—explaining that if we did it for Aquarion, we might be setting a precedent for electrical and telecommunications and other private companies. Messrs. Bingaman and Leslie understood the concern and will make other arrangements for meeting space.

At this point, Chairwoman Creighton handed out an outline of points she wanted to be certain were addressed. It is attached. Many of the points were covered when questions were asked or during Mr. Bingaman’s presentation. Each area was discussed to ensure that everyone was clear on the status of each concern and the follow up that would

be provided. Messrs. Bingaman and Leslie agreed that they would follow up on the concerns that were not resolved.

Tim Harned and Bob Landman then stressed the importance of coordinating water supply locations and other planned infrastructure activities with the Water Commissioners in order that the expensive and divisive mistakes of the past not be repeated. Both Messrs. Bingaman and Leslie agreed to do so.

There was also a brief discussion about desalinization, with Mr. Bingaman explaining that Aquarion had looked at the issue in the past, that it was still on their radar screen but that with current technology, desalinization water is twice as expensive as well water.

The meeting ended with Chairwoman Creighton stating that she was extremely pleased with the results of the meeting and she thanked all for attending and participating. Selectmen Gould and Marsh echoed her comments stating that they were pleased to see a positive and constructive attitude on both sides and they also thanked everyone for participating.

On motion of Selectman Marsh, seconded by Selectman Gould, the meeting moved into non-public session at 12:15 to discuss a personnel matter. The meeting returned to public session on motion of Selectmen Gould, seconded by Selectman Marsh at 12:30. No action or votes were taken in the non public session.

On motion of Selectman Marsh, seconded by Selectman Gould, the meeting was adjourned at 12:35 PM.

Respectfully Submitted,

Donald B. Gould, temporary secretary

## **North Hampton Meeting with Macquarie and Aquarion – Jan. 26, 2007**

**BOS' Overall Goal:** establish a partnership in the management of our Water Resources by focusing on two sub-goals of financial concerns and accountability concerns.

### **I. Financial:**

- Restitution (lump sum or credit towards future bills) for maintenance service that can't be proven (Have records on hand at the meeting so specifics can be given.)

Larry Bingaman is checking on this.

- Pricing Rationale of hydrant costs: Comparison of hydrant fees – proposal of charging the average of the three lowest prices

Larry B. is checking on this.

- Water Rates based on usage  
Monthly billing vs. quarterly billing

Larry B. is taking this into consideration and will keep us updated on status

### **II. Accountability:**

- Reporting Requests – Hydrant and Production Wells

Quarterly Reports will be provided to the Town and Water Commissioners

- Operations to improve service  
Hydrant schedule of maintenance and quarterly maintenance report (Audit trail concern)

Schedule and maintenance report will be provided to the Town monthly?

Bar coding is being considered and Larry will keep us posted.

- Upgrading of hydrants – 5 1/4 size, Rated ISO fire flows, looping mains

All hydrants needing replacing will be replaced with 5 1/4 , all hydrants have appropriate ISO fire flows and the looping of mains will be discussed by the Water Commissioners and the Aquarion/Macquarie Management Team.

- North Hampton infrastructure improvement – current status and future plan/schedule (Expansion of hydrants and service on west side of I-95?)

Larry will provide the costs and improvements made since 2002 in North Hampton.

Aquarion/Macquarie will decide whether they should expand on the west side of I-95.

What is planned for North Hampton? What, when, and how much money?

- Long range plan (quarterly up date and meeting with water commissioners from all Towns involved) for water resource conservation and resource protection

Larry will coordinate the next meeting to be held with the Water Commissioners.

Aquarion/Macquarie will ensure coordination with the Water Commissioners, Planning Board and Conservation Commission during the exploration of new sites.

- Audit concerns

To be discussed with the Water Commissioners at a follow-up meeting

### **III. Public and Private Ownership**

- New Production Wells
  
- North Hampton Water Tower

These items are to be discussed with the Water Commissioners at a follow-up meeting